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FUTURE OF UNIDO

Paper submitted by the Latin American and Caribbean Group*

Note by the Secretariat

Reproduced in the annex to the present document is the text of a paper submitted by the Latin American and Caribbean Group.

* The present document has not been edited.

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Annex

EMBASSY OF THE REPUBLIC OF BOLIVIA
Vienna
Austria

Vienna, 10 April 1997

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Sir,

I have the honour to forward to you the position paper setting out the overall view of the Latin American and Caribbean Group, as adopted at its plenary meeting on 8 April 1997. We hope that this document will provide a clear picture of our perception of UNIDO and will contribute to the debate at the forthcoming special session of the Industrial Development Board. In addition, we should like the document to be distributed to Member States through your good offices, and we therefore request the Secretariat to arrange for its translation into English.

Accept, Sir, the renewed assurances of my highest consideration.

(*Signed*)
Enrique Meyer Medina
Ambassador

(*Stamp of the Embassy of Bolivia*)

Encl.

Mr. Mauricio de Maria y Campos
Director-General
United Nations Industrial Development Organization
Vienna
Austria

POSITION OF THE LATIN AMERICAN AND CARIBBEAN GROUP CONCERNING THE FUTURE UNIDO

(SEVENTH SPECIAL SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD, 21-23 APRIL 1997)

I. INTRODUCTION

1. The present document is the outcome of an examination made by the Latin American and Caribbean Group (GRULAC) of UNIDO's relevance in the new international situation and of the importance of industrialization for the developing countries and countries with economies in transition. It also constitutes a contribution by the Group to the discussions on the future UNIDO that are taking place within the Organization.

II. NEW INTERNATIONAL SITUATION

2. The transformations which have occurred in the world scene as a result of globalization, liberalization of trade and rapid technological advances have brought about significant changes in international economic relations, modifying development strategies, including forms of international cooperation, while at the same time creating opportunities and also posing challenges for the developing countries.

3. For the developing countries and, in particular, the least developed countries, these changes call for greater cohesion in the formulation of cooperation policies that will make it possible, *inter alia*, to promote, improve and strengthen the industrial capability of those countries.

III. IMPORTANCE OF INDUSTRIALIZATION

4. Industrialization is still an important factor in economic and social development. No industrialized country has been able to dispense with industrialization as an important factor for its technological, financial and socio-economic transformation and as a means for improving the living standards and quality of life of its people.

5. Indeed, the Group of the Seven Most Industrialized Countries, which brings together the greatest economic powers world-wide, demonstrates that there is a direct link between being industrialized and being developed.

6. Industrialization therefore represents a valid tool for achieving the objectives of sustainable development and enjoying the benefits derived from it.

IV. RELEVANCE OF THE ROLE OF UNIDO

7. UNIDO's relevance lies both in the needs and priorities of the developing countries, particularly the least developed ones, in terms of possessing a sound and competitive industrial sector, and also in the new global patterns brought about by rapid technological change, deregulation of markets and privatization processes, which have imposed a new approach to industrial activity.

8. Within this framework, UNIDO is called upon to perform an essential task in the quest for appropriate solutions that will significantly contribute to the elaboration of suitable industrial policies and to the attainment of objectives relating to the creation of productive employment, the protection of the environment, equitable socio-economic development and the transfer of appropriate technologies, by supporting national policies aimed at strengthening each country's industrial capability.

9. UNIDO is required to play a major role as a vehicle for identifying and securing financial resources for industrial cooperation and to serve as a forum for the promotion of South-South cooperation. It is therefore essential for UNIDO to effectively contribute, through joint efforts with recipient countries, to the mobilization of extrabudgetary resources.

10. In view of the foregoing, it is necessary for an independent, multilateral and impartial organization such as UNIDO to serve its Member States as a specialized agency, as a central forum for global coordination in the area of industrial policy and as a provider of specialized technical cooperation services. To do so, it will be required to adopt a flexible and balanced approach to the needs of the different geographical regions.

V. REFORM OF UNIDO

11. In response to the challenges posed by the new international situation, we, the Member States of UNIDO, embarked on a process of reform and restructuring with the decisions adopted at the Yaoundé session of the General Conference in 1993.

12. Since then, important results have been achieved in the sphere of administration and management and also in the prioritization of tasks. In that connection, measures have been taken to reduce staffing levels and to deal with a major reduction in the budget without affecting the substantive areas.

13. Despite the political commitment made at Yaoundé and the efforts deployed, the Organization has had to face new challenges arising from the withdrawal of some of its main contributors. That has shifted the initial objectives of the reform process towards the purely budgetary sphere, preventing us from seeing their total realization in operational terms, and at the same time affecting their full implementation and continuity.

14. It is nevertheless important, at this new stage of UNIDO's redefinition, to reaffirm the political commitment and responsibility of all its Member States to pursue that process with a long-term vision that will make it possible to adapt its mandate, structure and financial capacity taking into account the Organization's experience.

15. This redefinition must not affect its independence as a specialized body within the United Nations system whose function is to serve as a central forum for the promotion of cooperation programmes in the industrial sector in an impartial, transparent and global manner.

16. It is nevertheless necessary to maintain close coordination with the measures involved in the reform of the United Nations system, in order to ensure complementarity of effort, to avoid duplication and to guarantee greater efficiency and effectiveness in the activities of the different bodies within the system.

17. It should also be borne in mind that UNIDO is an independent and intergovernmental agency and that the sole parties empowered to take decisions concerning the Organization are its Member States, through its policy-making organs.

VI. AREAS OF FUTURE ACTION

18. In order to respond to the current needs of the developing countries and countries with economies in transition, we have agreed upon the following four key functions which the Organization should perform in the discharge of its constitutional mandate:

- To serve as a global forum for coordination and action on international industrial trends;
- To strengthen institutional capacities for the promotion of competitive industry;
- To increase and accelerate the flow of technological and industrial investments and resources, and
- To promote the application of ecologically sound technologies.

19. It is essential that, when implementing these functions and its activities and programmes, UNIDO discharge its mandates with sufficient flexibility to enable it to adapt to the characteristics of each country and to ensure an appropriate balance in the cooperation provided to the different geographical regions of the developing world.

20. With a view to improving UNIDO's activities in the field, and in compliance with decision IDB.16/Dec.15, the Secretariat should submit specific proposals aimed at enhancing the Organization's efficiency and effectiveness in this sphere, for the purpose of designing a long-term strategy that will make it possible to provide recipient countries, in line with their industrial priorities and characteristics, appropriate and ongoing advisory services and also fulfil a complementary role in the execution of country projects.

VII. CONCLUSIONS

A. Industrialization continues to be an important factor in economic and social development, even more so in the new international context.

B. GRULAC reaffirms that UNIDO must remain a specialized agency within the United Nations system.

C. It also believes it essential to ensure the full implementation of the reform process with a long-term vision through the renewed commitment of all its Member States to adapt UNIDO to the requirements of industrial development.

D. To meet the new industrial needs of the developing countries and countries with economies in transition, it is necessary to strengthen the dual nature of UNIDO's role as a global forum for industrial development and as a provider of specialized technical cooperation services.

E. In this connection, and particularly in the area of programmes, GRULAC believes it is necessary to undertake action aimed at strengthening the function of the Organization's policy-making organs in order to make them more responsive and action-oriented, but without affecting management activities which are the exclusive responsibility of the Secretariat.